

**Powertech Technology Inc. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Powertech Technology Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Powertech Technology Inc. and its subsidiaries (the "Corporation"), as of March 31, 2023 and 2022 and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three-months periods then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagement of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 12 to the consolidated financial statements, we did not review the financial statements of some immaterial subsidiaries, which included in the consolidated financial statements, as of and for the three months ended March 31, 2023 and 2022, which represented total assets of 4.63% \$5,318,351 thousand and 4.22% \$5,088,641 thousand of the consolidated assets; and total liabilities of 4.40% \$2,075,098 thousand and 3.42% \$1,889,850 thousand of the consolidated liabilities. These statements also reflected these subsidiaries' comprehensive income of 6.33% \$88,690 thousand and (1.61)% \$(48,269) thousand of the consolidated comprehensive income for the three months ended March 31, 2023 and 2022, respectively. These investment amounts, as well as related information disclosed in Note 31 to the consolidated financial statements, were based on unreviewed financial statements of the investees for the same reporting periods as those of the Corporation and subsidiaries.

Qualified Conclusion

Based on our reviews, except for the consolidated financial statements of subsidiaries as well as related information disclosed referred to in preceding paragraph, were based on unreviewed financial statements of the investees for the same reporting periods as those of the Corporation and subsidiaries, if those consolidated financial statements had been reviewed and any adjustments were determined to be necessary, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of the Corporation as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Cheng-Chih Lin and Su-Li Fang.

Lin cheng chih Fang Su Li

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 5, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 18,491,971	16	\$ 20,373,424	17	\$ 22,161,240	18
Financial assets at fair value through profit or loss - current (Note 7)	36,183	-	66,619	-	73,156	-
Financial assets at amortized cost - current (Notes 9 and 29)	93,944	-	94,176	-	456,519	-
Contract assets - current (Notes 21 and 28)	2,482,930	2	2,645,344	2	2,388,748	2
Notes and accounts receivable (Notes 10 and 21)	9,306,156	8	9,252,417	8	11,472,392	10
Receivables from related parties (Notes 21 and 28)	5,675,923	5	5,094,481	4	5,798,874	5
Other receivables	414,674	-	330,849	-	196,217	-
Other receivables from related parties (Note 28)	27,083	-	66,111	-	70,095	-
Inventories (Note 11)	9,779,584	9	10,752,826	9	7,997,165	7
Prepaid expenses (Note 16)	389,882	-	417,977	1	523,198	-
Other current assets (Notes 16 and 30)	<u>666,124</u>	<u>1</u>	<u>682,433</u>	<u>1</u>	<u>853,808</u>	<u>1</u>
Total current assets	<u>47,364,454</u>	<u>41</u>	<u>49,776,657</u>	<u>42</u>	<u>51,991,412</u>	<u>43</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	20,274	-	17,143	-	29,723	-
Financial assets at amortized cost - noncurrent (Notes 9 and 29)	426,014	1	429,974	-	472,704	-
Property, plant and equipment (Notes 13, 28 and 29)	63,180,358	55	64,818,236	55	64,927,879	54
Right-of-use assets (Note 14)	1,451,445	1	1,463,013	1	1,466,385	1
Intangible assets (Note 15)	1,119,773	1	1,125,632	1	1,006,228	1
Deferred income tax assets (Notes 4 and 23)	224,515	-	227,759	-	133,369	-
Net defined benefit assets - non-current (Notes 4 and 19)	2,539	-	2,539	-	-	-
Other noncurrent assets (Notes 16 and 30)	<u>1,043,625</u>	<u>1</u>	<u>1,108,185</u>	<u>1</u>	<u>577,153</u>	<u>1</u>
Total non-current assets	<u>67,468,543</u>	<u>59</u>	<u>69,192,481</u>	<u>58</u>	<u>68,613,441</u>	<u>57</u>
TOTAL	<u>\$ 114,832,997</u>	<u>100</u>	<u>\$ 118,969,138</u>	<u>100</u>	<u>\$ 120,604,853</u>	<u>100</u>

LIABILITIES AND EQUITY	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT LIABILITIES						
Short-term bank loans (Note 17)	\$ 135,121	-	\$ 69,720	-	\$ 70,590	-
Financial liabilities at fair value through profit or loss - current (Note 7)	44,888	-	7,446	-	131,116	-
Contract liabilities - current (Note 21)	189,744	-	226,859	-	187,356	-
Notes and accounts payable	4,132,692	4	5,510,927	5	6,519,620	5
Accounts payable to related parties (Note 28)	17,641	-	82,684	-	207,846	-
Bonus to employees and remuneration to directors (Note 22)	1,619,340	2	1,422,401	1	2,014,905	2
Payables to equipment suppliers (Note 28)	2,175,587	2	2,536,275	2	3,676,699	3
Other payables - related parties (Note 28)	31,357	-	32,314	-	2,052	-
Current income tax liabilities (Notes 4 and 23)	1,554,211	1	1,359,309	1	2,191,316	2
Lease liabilities - current (Note 14)	57,934	-	66,715	-	62,785	-
Accrued expenses and other current liabilities (Note 18)	6,033,448	5	8,117,668	7	7,787,854	7
Current portion of long-term debts (Notes 17 and 29)	<u>195,010</u>	<u>-</u>	<u>182,434</u>	<u>-</u>	<u>145,521</u>	<u>-</u>
Total current liabilities	<u>16,186,973</u>	<u>14</u>	<u>19,614,752</u>	<u>16</u>	<u>22,997,660</u>	<u>19</u>
NON-CURRENT LIABILITIES						
Long-term debt (Notes 17 and 29)	28,378,884	25	30,353,569	26	30,305,624	25
Deferred income tax liabilities (Notes 4 and 23)	367,568	-	302,326	-	302,037	1
Lease liabilities - non-current (Note 14)	1,335,807	1	1,344,749	1	1,348,647	1
Net defined benefit liability - noncurrent (Notes 4 and 19)	182,367	-	282,422	-	292,229	-
Other noncurrent liabilities (Note 18)	<u>702,283</u>	<u>1</u>	<u>748,282</u>	<u>1</u>	<u>14,608</u>	<u>-</u>
Total non-current liabilities	<u>30,966,909</u>	<u>27</u>	<u>33,031,348</u>	<u>28</u>	<u>32,263,145</u>	<u>27</u>
Total liabilities	<u>47,153,882</u>	<u>41</u>	<u>52,646,100</u>	<u>44</u>	<u>55,260,805</u>	<u>46</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 20)						
Capital stock						
Common stock	<u>7,591,466</u>	<u>7</u>	<u>7,591,466</u>	<u>6</u>	<u>7,591,466</u>	<u>6</u>
Capital surplus	<u>149,596</u>	<u>-</u>	<u>149,540</u>	<u>-</u>	<u>73,652</u>	<u>-</u>
Retained earnings						
Legal reserve	9,181,307	8	9,181,307	8	8,290,517	7
Special reserve	710,623	1	710,623	-	366,982	-
Unappropriated earnings	<u>36,786,740</u>	<u>32</u>	<u>35,659,269</u>	<u>30</u>	<u>35,547,899</u>	<u>30</u>
Total retained earnings	<u>46,678,670</u>	<u>41</u>	<u>45,551,199</u>	<u>38</u>	<u>44,205,398</u>	<u>37</u>
Other equity	<u>(573,766)</u>	<u>(1)</u>	<u>(534,445)</u>	<u>-</u>	<u>(605,929)</u>	<u>(1)</u>
Treasury stock	<u>(468,802)</u>	<u>-</u>	<u>(468,802)</u>	<u>-</u>	<u>(400,134)</u>	<u>-</u>
Equity attributable to shareholders of the Parent	53,377,164	47	52,288,958	44	50,864,453	42
NON-CONTROLLING INTERESTS (Notes 12 and 20)	<u>14,301,951</u>	<u>12</u>	<u>14,034,080</u>	<u>12</u>	<u>14,479,595</u>	<u>12</u>
Total equity	<u>67,679,115</u>	<u>59</u>	<u>66,323,038</u>	<u>56</u>	<u>65,344,048</u>	<u>54</u>
TOTAL	<u>\$ 114,832,997</u>	<u>100</u>	<u>\$ 118,969,138</u>	<u>100</u>	<u>\$ 120,604,853</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 5, 2023)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
NET SALES (Notes 21 and 28)	\$ 15,740,524	100	\$ 20,830,631	100
OPERATING COSTS (Notes 11, 22 and 28)	<u>13,206,670</u>	<u>84</u>	<u>16,253,109</u>	<u>78</u>
GROSS PROFIT	<u>2,533,854</u>	<u>16</u>	<u>4,577,522</u>	<u>22</u>
OPERATING EXPENSES (Note 22)				
Marketing	57,254	-	104,096	-
General and administrative	310,573	2	453,323	2
Research and development	455,040	3	582,364	3
Expected credit gain (Note 10)	<u>(528)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>822,339</u>	<u>5</u>	<u>1,139,783</u>	<u>5</u>
OPERATING INCOME	<u>1,711,515</u>	<u>11</u>	<u>3,437,739</u>	<u>17</u>
NONOPERATING INCOME AND EXPENSES				
Interest income (Note 22)	47,577	-	7,914	-
Other gains and losses (Notes 22 and 28)	171,972	1	(167,187)	(1)
Miscellaneous income (Note 22)	2,701	-	20,308	-
Financial costs (Note 22)	(78,527)	-	(51,670)	-
Foreign exchange (loss) gain, net (Notes 22 and 31)	<u>(112,218)</u>	<u>(1)</u>	<u>417,832</u>	<u>2</u>
Total nonoperating expenses	<u>31,505</u>	<u>-</u>	<u>227,197</u>	<u>1</u>
INCOME BEFORE INCOME TAX	1,743,020	11	3,664,936	18
INCOME TAX EXPENSE (Notes 4 and 23)	<u>319,484</u>	<u>2</u>	<u>744,681</u>	<u>4</u>
NET INCOME	<u>1,423,536</u>	<u>9</u>	<u>2,920,255</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 20)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	3,131	-	(421)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	<u>(26,065)</u>	<u>-</u>	<u>76,160</u>	<u>-</u>
Total other comprehensive (loss) income	<u>(22,934)</u>	<u>-</u>	<u>75,739</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,400,602</u>	<u>9</u>	<u>\$ 2,995,994</u>	<u>14</u>

(Continued)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO				
Shareholders of the Parent	\$ 1,127,471	7	\$ 2,196,165	11
Non-controlling interests	<u>296,065</u>	<u>2</u>	<u>724,090</u>	<u>3</u>
	<u>\$ 1,423,536</u>	<u>9</u>	<u>\$ 2,920,255</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Shareholders of the Parent	\$ 1,088,150	7	\$ 2,300,859	11
Non-controlling interests	<u>312,452</u>	<u>2</u>	<u>695,135</u>	<u>3</u>
	<u>\$ 1,400,602</u>	<u>9</u>	<u>\$ 2,995,994</u>	<u>14</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 1.51</u>		<u>\$ 2.92</u>	
Diluted	<u>\$ 1.50</u>		<u>\$ 2.90</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 5, 2023)

(Concluded)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Parent											
	Capital Stock		Capital Surplus	Retained Earnings			Other Equity		Treasury Share	Total	Noncontrolling Interests	Total Equity
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE, JANUARY 1, 2022	779,147	\$ 7,791,466	\$ 270,794	\$ 8,290,517	\$ 366,982	\$ 34,916,347	\$ (690,969)	\$ (19,654)	\$ (1,418,300)	\$ 49,507,183	\$ 13,799,059	\$ 63,306,242
Appropriation of 2021 earnings												
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(14,599)	(14,599)
Net income for the three months ended March 31, 2022	-	-	-	-	-	2,196,165	-	-	-	2,196,165	724,090	2,920,255
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	105,115	(421)	-	104,694	(28,955)	75,739
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	2,196,165	105,115	(421)	-	2,300,859	695,135	2,995,994
Buy-back of treasury shares	-	-	-	-	-	-	-	-	(943,589)	(943,589)	-	(943,589)
Cancellation of treasury shares	(20,000)	(200,000)	(197,142)	-	-	(1,564,613)	-	-	1,961,755	-	-	-
BALANCE, MARCH 31, 2022	759,147	\$ 7,591,466	\$ 73,652	\$ 8,290,517	\$ 366,982	\$ 35,547,899	\$ (585,854)	\$ (20,075)	\$ (400,134)	\$ 50,864,453	\$ 14,479,595	\$ 65,344,048
BALANCE, JANUARY 1, 2023	759,147	\$ 7,591,466	\$ 149,540	\$ 9,181,307	\$ 710,623	\$ 35,659,269	\$ (501,790)	\$ (32,655)	\$ (468,802)	\$ 52,288,958	\$ 14,034,080	\$ 66,323,038
Appropriation of 2022 earnings												
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(44,655)	(44,655)
Net income for the three months ended March 31, 2023	-	-	-	-	-	1,127,471	-	-	-	1,127,471	296,065	1,423,536
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	(42,452)	3,131	-	(39,321)	16,387	(22,934)
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	1,127,471	(42,452)	3,131	-	1,088,150	312,452	1,400,602
Donations from shareholders	-	-	56	-	-	-	-	-	-	56	74	130
BALANCE, MARCH 31, 2023	759,147	\$ 7,591,466	\$ 149,596	\$ 9,181,307	\$ 710,623	\$ 36,786,740	\$ (544,242)	\$ (29,524)	\$ (468,802)	\$ 53,377,164	\$ 14,301,951	\$ 67,679,115

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 5, 2023)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Current income before income tax	\$ 1,743,020	\$ 3,664,936
Adjustments for:		
Depreciation	3,375,819	3,578,281
Amortization	7,883	9,988
Expected credit loss reversed	(528)	-
Net loss on fair value change of financial assets designated as at fair value through profit or loss	10,796	9,116
Financial costs	78,527	51,670
Interest revenue	(47,577)	(7,914)
Net gain on disposal of property, plant and equipment	(88,855)	(13,382)
Property, plant and equipment transfer to expenses	247	375
Impairment loss on non-financial assets	-	207
Net gain on foreign currency exchange, net	(4,193)	(468,230)
Changes in operating assets and liabilities:		
Decrease in financial assets mandatorily classified as at fair value through profit or loss	19,640	23,265
Decrease in contract assets	162,414	30,117
Decrease in notes and accounts receivable	59,164	209,216
(Increase) decrease in accounts receivable from related parties	(499,562)	804,262
(Increase) decrease in other receivables	(68,165)	191,747
Decrease in other receivables from related parties	40,794	16,428
Decrease (increase) in inventories	973,242	(1,229,171)
Decrease (increase) in prepayments	28,095	(90,011)
Decrease (increase) in other current assets	51,595	(114,732)
Increase in financial liability held for trading	37,442	125,467
(Decrease) increase in contract liabilities	(36,943)	22,532
Decrease in notes and accounts payable	(1,438,181)	(290,743)
(Decrease) increase in accounts payable to related parties	(66,606)	50,396
Increase in bonus to employees and remuneration of directors	196,939	411,153
Decrease in other payables to related parties	(957)	(4,132)
Decrease in accrued expenses and other current liabilities	(2,207,768)	(730,368)
Decrease in net defined benefit liability	(100,055)	(76,427)
Increase (decrease) in other accounts payable	464	(8,694)
Cash generated from operations	2,226,691	6,165,352
Interest received	34,319	7,903
Interest paid	(107,821)	(70,245)
Income tax paid	(56,096)	(61,141)
Net cash generated from operating activities	2,097,093	6,041,869

(Continued)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	\$ (22)	\$ (14)
Acquisition of property, plant and equipment	(2,197,817)	(5,865,381)
Disposal of property, plant and equipment	197,591	59,819
Decrease (increase) in refundable deposits	28,770	(172,945)
Increase in intangible assets	(2,735)	(10,560)
Increase in prepayments for equipment	<u>(1,109)</u>	<u>(78,118)</u>
Net cash used in investing activities	<u>(1,975,322)</u>	<u>(6,067,199)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term bank loans	65,401	(1,590)
Increase in long-term debts	3,600,000	4,674,796
Decrease in long-term debts	(5,557,403)	(4,353,754)
(Decrease) increase in guarantee deposits	(16,715)	27,793
Repayment of the principal portion of lease liabilities	(17,998)	(17,117)
Payments for buy-back of treasury shares	-	(943,589)
Dividends paid to non-controlling interests	(44,655)	(14,599)
Donations from shareholders	<u>130</u>	<u>-</u>
Net cash used in financing activities	<u>(1,971,240)</u>	<u>(628,060)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(31,984)</u>	<u>200,397</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,881,453)	(452,993)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>20,373,424</u>	<u>22,614,233</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 18,491,971</u>	<u>\$ 22,161,240</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 5, 2023)

(Concluded)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Powertech Technology Inc. (PTI) was incorporated in the Republic of China (ROC) on May 15, 1997 and commenced business on September 3, 1997. PTI is mainly engaged in the manufacturing, packaging, testing, researching and developing, designing, assembling and sale of various integrated circuit products. PTI also provides semiconductor testing and assembly services on a turnkey basis, in which PTI buys fabricated wafers and sells tested and assembled semiconductors. PTI's registered office and principal place of business is in Hsin-chu Industrial Park, Hukou, Hsin-chu.

PTI's share was initially listed and started trading on the Taipei Exchange ("TPEX") since April 3, 2003, after which PTI's share was transferred for listing and started trading on the Taiwan Stock Exchange ("TWSE") since November 8, 2004. PTI also issued Global Depositary Shares ("GDS"), which are listed on the Luxembourg Stock Exchange and trading on the Euro MTF Market. The GDS was accepted for quotation on the International Order Book of the London Stock Exchange.

The consolidated financial statements are presented in PTI's functional currency, the New Taiwan dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since PTI's share is listed on the Taiwan Share Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Board of Directors and issued on May 5, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Corporation's accounting policies.

- b. The IFRSs in issue but not yet endorsed and issued into effect by the FSC.

New IFRSs	Effective Date Announced by International Accounting Standards Board (IASB) (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and leaseback"	January 1, 2024 (Note 2)

(Continued)

New IFRSs	Effective Date Announced by International Accounting Standards Board (IASB) (Note 1)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17-Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
	(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation’s consolidated financial position and consolidated financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit assets (liabilities) which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of PTI and the entities controlled by PTI (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by PTI.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of PTI and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interest of the Corporation and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Notes 12 and 32k for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The material accounting judgments and key sources of estimation uncertainty followed in these consolidated financial statements refer to the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Checking accounts and demand deposits	\$ 18,491,391	\$ 20,372,822	\$ 22,160,838
Cash on hand	<u>580</u>	<u>602</u>	<u>402</u>
	<u>\$ 18,491,971</u>	<u>\$ 20,373,424</u>	<u>\$ 22,161,240</u>

The market rate intervals of cash in bank and cash equivalents at the end of the reporting period were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Bank deposits	0%-4.85%	0%-4.35%	0%-2.03%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ 6,325	\$ 38,410	\$ 856
Non-derivative financial assets			
Mutual funds	<u>29,858</u>	<u>28,209</u>	<u>72,300</u>
	<u>\$ 36,183</u>	<u>\$ 66,619</u>	<u>\$ 73,156</u>

Financial liabilities at FVTPL - current

Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 44,888</u>	<u>\$ 7,446</u>	<u>\$ 131,116</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amounts (In Thousands)
<u>March 31, 2023</u>			
Sell forward exchange contracts	USD to NTD	2023.04.07-2023.07.28	USD 142,620
	USD to JPY	2023.04.14-2023.07.31	USD 8,162
	USD to CNY	2023.04.10-2023.05.15	USD 5,076
(Continued)			

	Currency	Maturity Date	Contract Amounts (In Thousands)
<u>December 31, 2022</u>			
Sell forward exchange contracts	USD to NTD	2023.01.03-2023.03.03	USD 111,500
	USD to JPY	2023.01.06-2023.05.08	USD 11,174
	USD to CNY	2023.01.09-2023.01.18	USD 2,734
<u>March 31, 2022</u>			
Sell forward exchange contracts	USD to NTD	2022.04.06-2022.06.30	USD 137,200
	USD to JPY	2022.04.06-2022.07.29	USD 27,919
	USD to CNY	2022.04.11-2022.06.17	USD 7,397
	CNY to USD	2022.04.25	CNY 12,726
			(Concluded)

The Corporation entered into foreign exchange forward contracts to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Domestic investments			
Listed shares			
Ordinary shares - Solid State System Co., Ltd.	\$ 20,274	\$ 17,143	\$ 29,723

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Domestic investments			
Corporate bonds -P08 Taiwan Power Company 3A Bond	\$ 50,000	\$ 50,000	\$ -
Corporate bonds - P06 Taiwan Power Company 1A Bond	-	-	300,000
			(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
Corporate bonds - P06 Taiwan Power Company 3A Bond	\$ -	\$ -	\$ 50,000
Corporate bonds - P06 FPC 1A Bond	-	-	50,000
Time deposits with original maturities of more than 3 months	-	-	12,182
Pledged time deposits	13,490	13,468	13,451
Restricted deposit	<u>30,454</u>	<u>30,708</u>	<u>30,886</u>
	<u>\$ 93,944</u>	<u>\$ 94,176</u>	<u>\$ 456,519</u>
Non-current			
Domestic investments			
Corporate bonds - P08 Taiwan Power Company 3A Bond	\$ 50,000	\$ 50,000	\$ 100,000
Time deposits with original maturities of more than 3 months	251,680	255,640	258,830
Pledged time deposits	<u>124,334</u>	<u>124,334</u>	<u>113,874</u>
	<u>\$ 426,014</u>	<u>\$ 429,974</u>	<u>\$ 472,704</u>
			(Concluded)

On April 21, 2017, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 1.13% at premium value \$300,000 thousand (par value \$300,000 thousand), and a maturity date of April 21, 2022.

On May 19, 2017, the Corporation bought corporate bonds issued by Formosa Plastics Corporation with an effective interest rate of 1.09% at par value \$100,000 thousand, and maturity dates of May 19, 2021 and 2022, at par value of \$50,000 thousand, respectively.

On December 15, 2017, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.88% at par value \$100,000 thousand, and maturity dates of December 15, 2021 and 2022, at par value of \$50,000 thousand, respectively.

On September 12, 2019, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.72% at par value of \$100,000 thousand, and maturity dates of September 12, 2023 and 2024, at par value of \$50,000 thousand, respectively.

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.001%-0.002%, 0.001%-0.002% and 0.001%-0.58% per annum as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

Refer to Note 27 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Notes receivable</u>			
Notes receivable - operating	\$ 28,975	\$ 44,579	\$ 132,165
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	9,342,485	9,273,670	11,404,997
Less: Allowance for impairment loss	(65,304)	(65,832)	(64,770)
	<u>9,277,181</u>	<u>9,207,838</u>	<u>11,340,227</u>
	<u>\$ 9,306,156</u>	<u>\$ 9,252,417</u>	<u>\$ 11,472,392</u>

At amortized cost

The average credit period of sales of goods was 30 days to 150 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Corporation's credit risk was significantly reduced.

The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation's different customer base.

The Corporation writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Corporation's provision matrix.

March 31, 2023

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 9,307,768	\$ 26,759	\$ 2,581	\$ 3,559	\$ 1,818	\$ 9,342,485
Loss allowance (Lifetime ECLs)	(30,587)	(26,759)	(2,581)	(3,559)	(1,818)	(65,304)
Amortized cost	<u>\$ 9,277,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,277,181</u>

December 31, 2022

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 9,216,754	\$ 49,148	\$ 7,233	\$ 535	\$ -	\$ 9,273,670
Loss allowance (Lifetime ECLs)	<u>(8,926)</u>	<u>(49,138)</u>	<u>(7,233)</u>	<u>(535)</u>	<u>-</u>	<u>(65,832)</u>
Amortized cost	<u>\$ 9,207,828</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,207,838</u>

March 31, 2022

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$11,370,118	\$ 32,213	\$ 922	\$ 1,287	\$ 387	\$11,404,997
Loss allowance (Lifetime ECLs)	<u>(32,282)</u>	<u>(29,892)</u>	<u>(922)</u>	<u>(1,287)</u>	<u>(387)</u>	<u>(64,770)</u>
Amortized cost	<u>\$11,337,906</u>	<u>\$ 2,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,340,227</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 65,832	\$ 64,770
Less: Net remeasurment of loss allowance	<u>(528)</u>	<u>-</u>
Balance at March 31	<u>\$ 65,304</u>	<u>\$ 64,770</u>

11. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 9,219,570	\$ 10,173,117	\$ 7,332,324
Supplies	<u>560,014</u>	<u>579,709</u>	<u>664,841</u>
	<u>\$ 9,779,584</u>	<u>\$ 10,752,826</u>	<u>\$ 7,997,165</u>

The nature of the cost of goods sold were as follows:

	For the Three Months Ended March 31	
	2023	2022
Cost of inventories sold	<u>\$ 13,206,670</u>	<u>\$ 16,253,109</u>
Write-downs of inventories	<u>\$ 20,990</u>	<u>\$ 18,417</u>
Unallocated production overhead	<u>\$ 1,760,486</u>	<u>\$ 1,375,691</u>
Sales of scrap	<u>\$ 36,451</u>	<u>\$ 65,685</u>

12. SUBSIDIARY

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
Powertech Technology Inc.	POWERTECH HOLDING (BVI) INC.	Investment business	100	100	100	Note 2
	Greatek Electronics Inc. ("GEI")	Semiconductor assembly and testing service	43	43	43	Note 1 and 3
	Powertech Technology (Singapore) Pte. Ltd.	Investment business	100	100	100	Note 2
	Powertech Technology (Xian) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	36	36	36	-
	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	9	9	9	-
	Powertech Technology Japan Ltd.	Investment business	100	100	100	Note 2
	Tera Probe, Inc.	Wafer probing test services	12	12	12	Notes 2 and 3
	TeraPower Technology Inc.	Wafer probing test services	49	49	49	-
POWERTECH HOLDING (BVI) INC.	PTI TECHNOLOGY (SINGAPORE) PTE. LTD.	Investment business	100	100	100	Note 2
PTI TECHNOLOGY (SINGAPORE) PTE. LTD.	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	72	72	72	-
Powertech Technology (Singapore) Pte. Ltd.	Powertech Technology (Xian) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	64	64	64	-
	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	19	19	19	-
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Wafer probing test services	49	49	49	Notes 2 and 3
	Powertech Technology Akita Inc.	Semiconductor assembly and testing service	100	100	100	Notes 2 and 4
Tera Probe, Inc.	TeraPower Technology Inc.	Wafer probing test services	51	51	51	-
Greatek Electronics Inc. ("GEI")	Tera Probe Aizu, Inc.	Wafer probing test services	-	-	100	Notes 2 and 5
	Get-Team Tech Corporation	Metal surface treatment of semiconductor wire frame	97.46	97.46	-	Note 6

Note 1: On the reelection of the directors and supervisors of Greatek Electronics Inc., PTI obtained the a majority of the board seats and Greatek Electronics Inc. became a subsidiary of PTI even though PTI has only 43% ownership of Greatek Electronics Inc.

Note 2: It is a non-significant subsidiary, its financial statements for three months ended March 31, 2023 and 2022 have not been reviewed.

Note 3: Subsidiaries that have material non-controlling interests.

Note 4: Due to the adjustment of operational needs, the Corporation cease the operation of Powertech Technology Akita Inc.

Note 5: Due to the adjustment of operational needs, the Corporation ceased the operation of Tera Probe Aizu, Inc. in July 2022. and was merged by Tera Probe, Inc., which is the surviving company.

Note 6: In October 2022, Greatek acquired 97.46% ownership of Get-Team Tech Corporation and obtained the majority, Get-Team Tech Corporation became a subsidiary of Greatek.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		March 31, 2023	December 31, 2022	March 31, 2022
Greatek Electronics Inc.	Zhunan Township, Miaoli County	57%	57%	57%
Tera Probe, Inc.	Japan	39%	39%	39%

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Three Months Ended March 31		Accumulated Non-controlling Interests		
	2023	2022	March 31, 2023	December 31, 2022	March 31, 2022
Greatek Electronics Inc. (Excluding non-controlling interest in subsidiary)	\$ 201,433	\$ 663,906	\$11,703,565	\$11,472,577	\$12,098,149
Tera Probe, Inc.	\$ 94,743	\$ 60,184	\$ 2,595,352	\$ 2,558,358	\$ 2,381,446

Summarized financial information in respect of each of the Corporation's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Greatek Electronics Inc.

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 9,255,391	\$ 8,657,344	\$ 12,028,624
Non-current assets	15,630,688	15,774,891	15,338,766
Current liabilities	(3,004,438)	(2,927,106)	(5,199,277)
Non-current liabilities	<u>(477,486)</u>	<u>(596,235)</u>	<u>(199,196)</u>
Equity	<u>\$ 21,404,155</u>	<u>\$ 20,908,894</u>	<u>\$ 21,968,917</u>
Equity attributable to:			
Owners of the Parent	\$ 9,182,190	\$ 8,969,650	\$ 9,425,804
Non-controlling interests	12,218,931	11,936,099	12,543,113
Non-controlling interests from subsidiary	<u>3,034</u>	<u>3,145</u>	<u>-</u>
	<u>\$ 21,404,155</u>	<u>\$ 20,908,894</u>	<u>\$ 21,968,917</u>

	For the Three Months Ended March 31	
	2023	2022
Operating revenue	<u>\$ 3,016,735</u>	<u>\$ 4,713,423</u>
Net income for the period	\$ 355,891	\$ 1,166,012
Other comprehensive income (loss) for the period	<u>139,240</u>	<u>(27,000)</u>
Total comprehensive income for the period	<u>\$ 495,131</u>	<u>\$ 1,139,012</u>

(Continued)

	For the Three Months Ended March 31	
	2023	2022
Net income attributable to:		
Owners of the Parent	\$ 152,743	\$ 500,279
Non-controlling interests	203,259	665,733
Non-controlling interests from subsidiary	<u>(111)</u>	<u>-</u>
	<u>\$ 355,891</u>	<u>\$ 1,166,012</u>
Total comprehensive income attributable to:		
Owners of the Parent	\$ 212,484	\$ 488,695
Non-controlling interests	282,758	650,317
Non-controlling interests from subsidiary	<u>(111)</u>	<u>-</u>
	<u>\$ 495,131</u>	<u>\$ 1,139,012</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 900,978	\$ 2,006,036
Investing activities	(294,503)	(1,273,892)
financing activities	<u>(18,688)</u>	<u>(311)</u>
Net cash inflow	<u>\$ 587,787</u>	<u>\$ 731,833</u>
		(Concluded)

Tera Probe, Inc.

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 2,131,637	\$ 2,502,705	\$ 2,260,552
Non-current assets	5,486,761	5,366,521	4,529,122
Current liabilities	(652,368)	(974,592)	(706,391)
Non-current liabilities	<u>(621,410)</u>	<u>(645,023)</u>	<u>(358,140)</u>
Equity	<u>\$ 6,344,620</u>	<u>\$ 6,249,611</u>	<u>\$ 5,725,143</u>
Equity attributable to:			
Owners of the Parent	\$ 3,848,013	\$ 3,790,390	\$ 3,472,300
Non-controlling interests	<u>2,496,607</u>	<u>2,459,221</u>	<u>2,252,843</u>
	<u>\$ 6,344,620</u>	<u>\$ 6,249,611</u>	<u>\$ 5,725,143</u>

	For the Three Months Ended March 31	
	2023	2022
Operating revenue for the period	<u>\$ 498,542</u>	<u>\$ 426,436</u>
Net income	\$ 257,260	\$ 136,028
Other comprehensive income (loss) for the period	<u>47,852</u>	<u>60,883</u>
Total comprehensive income for the period	<u>\$ 305,112</u>	<u>\$ 196,911</u>
		(Continued)

	For the Three Months Ended March 31	
	2023	2022
Net income attributable to:		
Owners of the Parent	\$ 156,024	\$ 82,499
Non-controlling interests	<u>101,236</u>	<u>53,529</u>
	<u>\$ 257,260</u>	<u>\$ 136,028</u>
Total comprehensive income attributable to:		
Owners of the Parent	\$ 185,045	\$ 119,424
Non-controlling interests	<u>120,067</u>	<u>77,487</u>
	<u>\$ 305,112</u>	<u>\$ 196,911</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 292,183	\$ 308,954
Investing activities	(177,098)	(53,942)
financing activities	<u>6,023</u>	<u>(16,016)</u>
Net cash inflow (outflow)	<u>\$ 121,108</u>	<u>\$ 238,996</u>
		(Concluded)

13. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2023		December 31, 2022		March 31, 2022					
Assets used by the Corporation	\$ 63,180,358		\$ 64,818,236		\$ 64,927,879					
	Land	Building	Machinery and Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Advance Payments	Spare parts	Total
Cost										
Balance at January 1, 2023	\$ 4,413,047	\$ 33,893,248	\$108,666,245	\$ 2,525,225	\$ 89,217	\$ 3,609,960	\$ 3,029,234	\$ 6,864,129	\$ 334,900	\$163,425,205
Additions	-	161,178	17,394	1,716	-	30,177	310,079	1,290,898	68,531	1,879,973
Disposals	-	(8,533)	(456,009)	-	-	(6,999)	-	(8,461)	(72,596)	(552,598)
Reclassified	-	1,356,993	2,235,431	5,040	-	33,536	(1,229,733)	(2,408,093)	-	(6,826)
Effects of foreign currency exchange differences	(324)	(10,683)	(147,608)	(7,293)	(1,310)	(2,601)	-	(7,105)	-	(176,924)
Balance at March 31, 2023	4,412,723	35,392,203	110,315,453	2,524,688	87,907	3,664,073	2,109,580	5,731,368	330,835	164,568,830
Accumulated depreciation										
Balance at January 1, 2023	-	14,718,850	77,437,263	2,019,828	7,528	3,180,834	-	-	-	97,364,303
Depreciation expenses	-	422,592	2,772,138	44,912	814	45,351	-	-	72,596	3,358,403
Disposals	-	(8,533)	(355,734)	-	-	(6,999)	-	-	(72,596)	(443,862)
Reclassified	-	-	(88)	-	-	-	-	-	-	(88)
Effects of foreign currency exchange differences	-	(2,382)	(112,546)	(5,993)	(372)	(2,448)	-	-	-	(123,741)
Balance at March 31, 2023	-	15,130,527	79,741,033	2,058,747	7,970	3,216,738	-	-	-	100,155,015
Accumulated impairment										
Balance at January 1, 2023	1,472	433,962	622,603	87,227	56,195	-	1,965	39,242	-	1,242,666
Recognition of impairment losses	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Reclassified	-	-	-	-	-	-	(1,941)	1,941	-	-
Effects of foreign currency exchange differences	(23)	(1,585)	(5,759)	(333)	(870)	-	(24)	(615)	-	(9,209)
Balance at March 31, 2023	1,449	432,377	616,844	86,894	55,325	-	-	40,568	-	1,233,457
Carrying amount at March 31, 2023	\$ 4,411,274	\$ 19,829,299	\$ 29,957,576	\$ 379,047	\$ 24,612	\$ 447,335	\$ 2,109,580	\$ 5,690,800	\$ 330,835	\$ 63,180,358
Carrying amount at December 31, 2022 and January 1, 2023	\$ 4,411,575	\$ 18,740,436	\$ 30,606,379	\$ 418,170	\$ 25,494	\$ 429,126	\$ 3,027,269	\$ 6,824,887	\$ 334,900	\$ 64,818,236

(Continued)

	Land	Building	Machinery and Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Advance Payments	Spare parts	Total
<u>Cost</u>										
Balance at January 1, 2022	\$ 4,174,426	\$ 30,352,530	\$106,275,541	\$ 2,469,708	\$ 90,885	\$ 3,767,435	\$ 2,623,038	\$ 6,747,669	\$ 277,057	\$156,778,289
Additions	-	7,087	56,777	9,198	-	6,791	659,088	4,365,235	136,425	5,240,601
Disposals	-	(8,199)	(332,379)	(850)	-	(48,926)	-	-	(121,669)	(512,023)
Reclassified	132,429	1,457,838	3,123,023	19,827	-	40,609	(1,370,167)	(3,408,624)	-	(5,065)
Effects of foreign currency exchange differences	(14)	69,686	145,367	14,588	(1,510)	9,617	3,312	6,015	-	247,061
Balance at March 31, 2022	<u>4,306,841</u>	<u>31,878,942</u>	<u>109,268,329</u>	<u>2,512,471</u>	<u>89,375</u>	<u>3,775,526</u>	<u>1,915,271</u>	<u>7,710,295</u>	<u>291,813</u>	<u>161,748,863</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2022	-	13,413,221	73,643,404	1,873,765	4,280	3,414,665	-	-	-	92,349,335
Depreciation expenses	-	372,627	2,970,237	44,504	769	52,751	-	-	121,669	3,562,557
Disposals	-	(8,199)	(286,056)	(733)	-	(48,926)	-	-	(121,669)	(465,583)
Reclassified	-	-	269	(42)	-	(184)	-	-	-	43
Effects of foreign currency exchange differences	-	42,982	92,379	11,629	(242)	9,778	-	-	-	156,526
Balance at March 31, 2022	<u>-</u>	<u>13,820,631</u>	<u>76,420,233</u>	<u>1,929,123</u>	<u>4,807</u>	<u>3,428,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,602,878</u>
<u>Accumulated impairment</u>										
Balance at January 1, 2022	1,523	413,199	581,968	96,761	58,179	-	835	39,792	-	1,192,257
Recognition of impairment losses	-	-	87	120	-	-	-	-	-	207
Disposals	-	-	(3)	-	-	-	-	-	-	(3)
Reclassified	-	-	-	-	-	-	(835)	835	-	-
Effects of foreign currency exchange differences	(34)	12,598	12,866	2,393	(1,282)	-	-	(896)	-	25,645
Balance at March 31, 2022	<u>1,489</u>	<u>425,797</u>	<u>594,918</u>	<u>99,274</u>	<u>56,897</u>	<u>-</u>	<u>-</u>	<u>39,731</u>	<u>-</u>	<u>1,218,106</u>
Carrying amount at March 31, 2022	<u>\$ 4,305,352</u>	<u>\$ 17,632,514</u>	<u>\$ 32,253,178</u>	<u>\$ 484,074</u>	<u>\$ 27,671</u>	<u>\$ 347,442</u>	<u>\$ 1,915,271</u>	<u>\$ 7,670,564</u>	<u>\$ 291,813</u>	<u>\$ 64,927,879</u>

(Concluded)

Tera Probe, Inc. expected a decrease in the future cash flows of machinery and equipment and office equipment. Therefore, impairment loss of \$207 thousand was recognized in other gains and losses during the three months ended March 31, 2022.

Tera Probe, Inc. assessed that the book value of some assets cannot be recovered.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main plants	3-51 years
Mechanical and electrical power equipment	2-26 years
Wafer Fab	6-16 years
Fire control equipment	2-26 years
Others	2-51 years
Machinery and equipment	1-15 years
Office equipment	1-15 years
Leasehold improvements	1-50 years
Other equipment	1-16 years
Spare parts	0.5 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 29.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Land	\$ 1,336,459	\$ 1,345,852	\$ 1,369,809
Buildings	31,514	33,265	-
Machinery and equipment	82,585	82,657	94,283
Transportation equipment	<u>887</u>	<u>1,239</u>	<u>2,293</u>
	<u>\$ 1,451,445</u>	<u>\$ 1,463,013</u>	<u>\$ 1,466,385</u>

	For the Three Months Ended March 31	
	2023	2022
Additions to right-of-use assets	\$ <u>275</u>	\$ <u>-</u>
Depreciation charge for right-of-use assets		
Land	\$ 9,844	\$ 9,799
Buildings	1,751	-
Machinery and equipment	5,470	5,574
Transportation equipment	<u>351</u>	<u>351</u>
	\$ <u>17,416</u>	\$ <u>15,724</u>

Except for the recognized depreciation, the Corporation did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2023 and 2022.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Current	\$ <u>57,934</u>	\$ <u>66,715</u>	\$ <u>62,785</u>
Non-current	\$ <u>1,335,807</u>	\$ <u>1,344,749</u>	\$ <u>1,348,647</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Land	0.93%-1.69%	0.93%-1.69%	0.93%-1.69%
Buildings	2.53%	2.53%	-
Machinery and equipment	0.80%-2.30%	0.80%-2.30%	0.80%-1.70%
Transportation equipment	0.92%	0.92%	0.92%

c. Other lease information

	For the Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases	\$ <u>4,048</u>	\$ <u>4,545</u>
Total cash outflow for leases	\$ <u>(22,046)</u>	\$ <u>(21,662)</u>

The Corporation leases certain office, machines and vehicles which qualify as short-term leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INTANGIBLE ASSETS

	Computer Software	Goodwill	Business Secrets	Core Techniques	Client Relationships	Royalty	Technique Services	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 694,659	\$ 997,715	\$ 41,383	\$ 249,103	\$ 220,775	\$ 9,386	\$ 88,894	\$ 2,301,915
Additions	2,735	-	-	-	-	-	-	2,735
Disposals	-	-	-	-	-	-	-	-
Reclassified	-	-	-	-	-	-	-	-
Effects of foreign currency exchange differences	(3,864)	-	-	(301)	-	(16)	-	(4,181)
Balance at March 31, 2023	<u>693,530</u>	<u>997,715</u>	<u>41,383</u>	<u>248,802</u>	<u>220,775</u>	<u>9,370</u>	<u>88,894</u>	<u>2,300,469</u>
<u>Accumulated amortization</u>								
Balance at January 1, 2023	579,874	-	1,035	249,103	220,775	9,338	88,894	1,149,019
Amortization expenses	6,848	-	1,035	-	-	-	-	7,883
Disposals	-	-	-	-	-	-	-	-
Reclassified	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	(2,849)	-	-	(301)	-	(16)	-	(3,166)
Balance at March 31, 2023	<u>583,873</u>	<u>-</u>	<u>2,070</u>	<u>248,802</u>	<u>220,775</u>	<u>9,322</u>	<u>88,894</u>	<u>1,153,736</u>
<u>Accumulated impairment</u>								
Balance at January 1, 2023	27,264	-	-	-	-	-	-	27,264
Effect of foreign currency exchange differences	(304)	-	-	-	-	-	-	(304)
Balance at March 31, 2023	<u>26,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,960</u>
Carrying amount at March 31, 2023	<u>\$ 82,697</u>	<u>\$ 997,715</u>	<u>\$ 39,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ 1,119,773</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 87,521</u>	<u>\$ 997,715</u>	<u>\$ 40,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ 1,125,632</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 611,572	\$ 979,819	\$ -	\$ 246,494	\$ 220,775	\$ 9,424	\$ 88,894	\$ 2,156,978
Additions	10,560	-	-	-	-	-	-	10,560
Disposals	-	-	-	-	-	-	-	-
Reclassified	-	-	-	-	-	-	-	-
Effects of foreign currency exchange differences	(2,483)	-	-	1,105	-	(24)	-	(1,402)
Balance at March 31, 2022	<u>619,649</u>	<u>979,819</u>	<u>-</u>	<u>247,599</u>	<u>220,775</u>	<u>9,400</u>	<u>88,894</u>	<u>2,166,136</u>
<u>Accumulated amortization</u>								
Balance at January 1, 2022	583,470	-	-	246,494	220,775	8,664	88,894	1,148,297
Amortization expenses	9,290	-	-	-	-	698	-	9,988
Disposals	-	-	-	-	-	-	-	-
Reclassified	(23,853)	-	-	-	-	-	-	(23,853)
Effect of foreign currency exchange differences	(1,895)	-	-	1,105	-	(23)	-	(813)
Balance at March 31, 2022	<u>567,012</u>	<u>-</u>	<u>-</u>	<u>247,599</u>	<u>220,775</u>	<u>9,339</u>	<u>88,894</u>	<u>1,133,619</u>
<u>Accumulated impairment</u>								
Balance at January 1, 2022	26,041	-	-	-	-	-	-	26,041
Effect of foreign currency exchange differences	248	-	-	-	-	-	-	248
Balance at March 31, 2022	<u>26,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,289</u>
Carrying amount at March 31, 2022	<u>\$ 26,348</u>	<u>\$ 979,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 1,006,228</u>

The Group acquired Get-Team in October 2022 and recognized goodwill of \$17,896 thousand (see Note 25).

The amortization of the trade secret acquired through a business combination was recognized over its useful life based on the standard appraisal practices.

The above items of intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2-10 years
Core techniques	5 years
Client relationships	9 years
Royalty	1-10 years
Technique services	2-4 years
Business Secrets	10 years

16. OTHER ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Refundable deposits	\$ 229,591	\$ 194,305	\$ 17,173
Tax refund receivables	192,410	150,500	416,574
Payment on behalf of others	189,254	296,153	358,903
Others	<u>54,869</u>	<u>41,475</u>	<u>61,158</u>
	<u>\$ 666,124</u>	<u>\$ 682,433</u>	<u>\$ 853,808</u>
<u>Prepayments</u>			
Excess business tax paid	\$ 281,659	\$ 292,831	\$ 406,567
Inventory of supplies	32,875	33,187	33,262
Prepayments for insurance premiums	25,118	36,555	19,049
Prepayments for repairs	16,911	21,778	17,299
Others	<u>33,319</u>	<u>33,626</u>	<u>47,021</u>
	<u>\$ 389,882</u>	<u>\$ 417,977</u>	<u>\$ 523,198</u>
<u>Non-current</u>			
Refundable deposits	\$ 859,854	\$ 934,365	\$ 434,232
Prepayment for equipment	156,347	155,238	141,967
Others	<u>27,424</u>	<u>18,582</u>	<u>954</u>
	<u>\$ 1,043,625</u>	<u>\$ 1,108,185</u>	<u>\$ 577,153</u>

17. BORROWINGS

a. Short-term bank loans

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Unsecured borrowings</u>			
Working capital loan	<u>\$ 135,121</u>	<u>\$ 69,720</u>	<u>\$ 70,590</u>

The effective interest rate ranges on the working capital loan were 0.53%-3.20%, 0.53% and 0.68% as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

b. Long-term debts

	March 31, 2023	December 31, 2022	March 31, 2022
1) Secured Borrowings (Note 28)	\$ 20,040,494	\$ 20,414,539	\$ 13,702,268
2) Unsecured Borrowings	<u>8,533,400</u>	<u>10,121,464</u>	<u>16,748,877</u>
	28,573,894	30,536,003	30,451,145
Less: Current portion	<u>(195,010)</u>	<u>(182,434)</u>	<u>(145,521)</u>
	<u>\$ 28,378,884</u>	<u>\$ 30,353,569</u>	<u>\$ 30,305,624</u>

1. Repayable continually from December 2024 to December 2038; interest rates at 1.15%-1.80% on March 31, 2023, 1.025%-1.68% on December 31, 2022 and 0.65%-1.26% on March 31, 2022.
2. Repayable continually from February 2025 to December 2028; interest rates at 0.60%-1.67% on March 31, 2023, 0.60%-5.64% on December 31, 2022 and 0.70%-1.18% on March 31, 2022.

18. OTHER LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Accrued expenses and other current liabilities			
Salaries and bonus	\$ 2,041,099	\$ 3,541,372	\$ 3,049,011
Agency receipts	239,419	405,740	345,627
Payable for utilities	216,003	220,057	205,165
Payable for insurance	198,873	254,753	206,231
Guarantee deposits (a)	153,669	131,934	28,622
Indemnification payable (b)	131,408	131,408	133,829
Payable for annual leave	37,426	37,502	80,899
Others	<u>3,015,551</u>	<u>3,394,902</u>	<u>3,738,470</u>
	<u>\$ 6,033,448</u>	<u>\$ 8,117,668</u>	<u>\$ 7,787,854</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits (a)	\$ 689,220	\$ 735,683	\$ 1,319
Others	<u>13,063</u>	<u>12,599</u>	<u>13,289</u>
	<u>\$ 702,283</u>	<u>\$ 748,282</u>	<u>\$ 14,608</u>

- a. Mainly guarantee deposits for capacity reservation.
- b. Indemnification payables are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

19. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Corporation's defined benefit retirement plans were \$2,525 thousand and \$2,325 thousand for the three months ended March 31, 2023 and 2022, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2022 and 2021.

20. EQUITY

a. Capital stock

1) Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
Share authorized (in thousands of shares)	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Share authorized (in thousands of dollars)	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>
Share issued and fully paid (in thousands of shares)	<u>759,147</u>	<u>759,147</u>	<u>759,147</u>
Share issued (in thousands of dollars)	<u>\$ 7,591,466</u>	<u>\$ 7,591,466</u>	<u>\$ 7,591,466</u>

Fully paid ordinary shares, which have a par value of \$10, carry 1 vote per share and carry a right to dividends.

Out of the shares authorized, 15,000 thousand shares were reserved for the issuance of employee share options.

As of March 31, 2023, 22 units of GDSs of PTI were trading on the Luxembourg Share Exchange. The number of ordinary shares represented by the GDSs was 44 shares (one GDS represents 2 ordinary shares).

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to capital stock (1)			
Share premium	\$ 1,879	\$ 1,879	\$ 1,879
May be used to offset a deficit only			
Arising from treasury share transactions	75,888	75,888	-
Changes in percentage of ownership interests in subsidiaries (2)	<u>71,829</u>	<u>71,773</u>	<u>71,773</u>
	<u>\$ 149,596</u>	<u>\$ 149,540</u>	<u>\$ 73,652</u>

- 1) The premium from shares issued in excess of par may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under PTI's Articles of Incorporation, PTI should make appropriations from its net income in the following order:

- 1) Offset deficits.
- 2) Set aside as legal reserve 10% of the remaining profit.
- 3) Appropriate as special reserve.
- 4) After the above-mentioned amounts have been deducted, any remaining profit from the previous years and the current year's undistributed retained earnings shall be used by PTI's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders as to whether the amount should be distributed as dividends or retained within PTI.

Dividends are distributed in the form of cash, ordinary shares or a combination of cash and ordinary shares. In consideration of PTI being in a capital-intensive industry as well as the present and future investment environment, capital demand, market competition, capital budget, shareholders' interests, balanced dividend considerations and long-term financial plans, PTI's Articles of Incorporation provide that the total cash dividends paid in any given year should be at least 20% of total dividends distributed.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 22(g).

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals PTI's capital surplus. The legal reserve may be used to offset deficit. If PTI has no deficit and the legal reserve has exceeded 25% of PTI's capital surplus, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from the prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021 were approved in the board of directors' meeting on March 10, 2023 and in the shareholders' meeting May 27, 2022, respectively. The appropriations and dividends per share were as follows:

	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 870,416	\$ 890,790
Special reserve	\$ (108,395)	\$ 343,641
Cash dividends	\$ 5,314,026	\$ 5,162,197
Cash dividends per share (NT\$)	\$ 7	\$ 6.8

The appropriations of earnings for 2022 are subject to the resolution of the shareholders in the shareholders' meeting to be held on May 31, 2023.

d. Others equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	<u>\$ (501,790)</u>	<u>\$ (690,969)</u>
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	<u>(42,452)</u>	<u>105,115</u>
Other comprehensive (loss) income recognized for the period	<u>(42,452)</u>	<u>105,115</u>
Balance at March 31	<u>\$ (544,242)</u>	<u>\$ (585,854)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	<u>\$ (32,655)</u>	<u>\$ (19,654)</u>
Recognized for the period		
Unrealized (loss) gain - equity instruments	<u>3,131</u>	<u>(421)</u>
Other comprehensive income recognized for the period	<u>3,131</u>	<u>(421)</u>
Balance at March 31	<u>\$ (29,524)</u>	<u>\$ (20,075)</u>

e. Non-controlling interests

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 14,034,080	\$ 13,799,059
Share in profit for the period	296,065	724,090
Other comprehensive income (loss) for the period		
Exchange differences on translation of the financial statements of foreign entities	16,387	(28,955)
Donations from shareholders	74	-
The Parent's shares held by its subsidiaries treated as treasury shares	<u>(44,655)</u>	<u>(14,599)</u>
Balance at March 31	<u>\$ 14,301,951</u>	<u>\$ 14,479,595</u>

f. Treasury share

Purpose of Buy-Back	Shares Cancelled (In Thousands of Shares)	Share Held by Subsidiary (In Thousands of Shares)
Number of shares at January 1, 2022	10,412	10,000
Increase during the period	9,588	-
Decrease during the period	<u>(20,000)</u>	<u>-</u>
Number of shares at March 31, 2022	<u>-</u>	<u>10,000</u>
Number of shares at January 1, 2023	-	11,800
Increase during the period	-	-
Decrease during the period	<u>-</u>	<u>-</u>
Number of shares at March 31, 2023	<u>-</u>	<u>11,800</u>

PTI's shares held by its subsidiary at the end of the reporting periods were as follows :

Name of Subsidiary	Number of Share Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>March 31, 2023</u>			
Greatek Electronics Inc.	11,800	\$ 1,073,800	\$ 1,073,800
<u>December 31, 2022</u>			
Greatek Electronics Inc.	11,800	\$ 934,560	\$ 934,560
<u>March 31, 2022</u>			
Greatek Electronics Inc.	10,000	\$ 950,000	\$ 950,000

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. PTI's shares held by its subsidiary are treated as treasury shares.

21. REVENUE

	For the Three Months Ended March 31	
	2023	2022
Revenue from contracts with customers		
Revenue from packaging services	\$ 10,920,634	\$ 14,266,525
Revenue from testing services	3,776,547	4,619,652
Revenue from module services	1,032,346	1,932,035
Others	<u>10,997</u>	<u>12,419</u>
	<u>\$ 15,740,524</u>	<u>\$ 20,830,631</u>

a. Contract information

As the Corporation fulfills the obligations in the contract for testing services, the customer simultaneously receives and consumes the benefits provided by the Corporation. The Corporation has the right to revenue collection for the portion of testing services that have been fulfilled, and the revenue from testing services is recognized over time. The Corporation fulfills the obligations in the contract for packaging services when the customer creates or enhances the goods they have control of. The Corporation has the right to revenue collection for the portion of packaging services that have been fulfilled, and the revenue from packaging services is recognized over time.

b. Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties) (Note 10)	<u>\$ 14,982,079</u>	<u>\$ 14,346,898</u>	<u>\$ 17,271,266</u>	<u>\$ 17,975,014</u>
Contract assets				
Revenue from processing services	<u>\$ 2,482,930</u>	<u>\$ 2,645,344</u>	<u>\$ 2,388,748</u>	<u>\$ 2,418,865</u>
Contract liabilities				
Revenue from processing services	<u>\$ 189,744</u>	<u>\$ 226,859</u>	<u>\$ 187,356</u>	<u>\$ 164,824</u>

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the Corporation's performance and the respective customer's payment.

Revenue of the reporting period recognized from the beginning contract liabilities is as follows:

	For the Three Months Ended March 31	
	2023	2022
From the contract liabilities at the beginning of the year		
Revenue from processing services	<u>\$ 88,536</u>	<u>\$ 105,601</u>

c. Disaggregation of revenue

	For the Three Months Ended March 31	
	2023	2022
<u>Primary geographical markets</u>		
Japan	\$ 5,642,090	\$ 6,056,544
Taiwan (The principal place of business of the Corporation)	4,846,137	6,144,462
Singapore	2,250,268	3,707,086
America	1,610,614	3,272,925
China, Hong Kong and Macao	481,231	532,698
Europe	435,680	509,500
Others	<u>474,504</u>	<u>607,416</u>
	<u>\$ 15,740,524</u>	<u>\$ 20,830,631</u>

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Other gains and losses

	For the Three Months Ended March 31	
	2023	2022
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 44,043	\$ (18,702)
Financial liabilities classified as held for trading	(52,658)	(188,538)
Others	<u>180,586</u>	<u>40,053</u>
	<u>\$ 171,971</u>	<u>\$ (167,187)</u>

b. Interest income

	For the Three Months Ended March 31	
	2023	2022
Bank deposits	\$ 47,399	\$ 6,658
Financial assets measured at amortized cost	<u>178</u>	<u>1,256</u>
	<u>\$ 47,577</u>	<u>\$ 7,914</u>

c. Other income

	For the Three Months Ended March 31	
	2023	2022
Rental income		
Operating lease rental income	<u>\$ 2,701</u>	<u>\$ 20,308</u>

d. Finance costs

	For the Three Months Ended March 31	
	2023	2022
Interest on bank loans	\$ 100,607	\$ 63,939
Interest on lease liabilities	6,062	5,911
Capitalized interest	<u>(28,142)</u>	<u>(18,180)</u>
	<u>\$ 78,527</u>	<u>\$ 51,670</u>

Information about capitalized interest was as follows:

	For the Three Months Ended March 31	
	2023	2022
Capitalized interest	\$ 28,142	\$ 18,180
Capitalization rate	1.34%-1.45%	0.83%-0.90%

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2023	2022
Property, plant and equipment	\$ 3,358,403	\$ 3,562,557
Right-of-use assets	17,416	15,724
Intangible assets	<u>7,883</u>	<u>9,988</u>
	<u>\$ 3,383,702</u>	<u>\$ 3,588,269</u>
An analysis of depreciation by function		
Operating costs	\$ 3,169,698	\$ 3,438,376
Operating expenses	<u>206,121</u>	<u>139,905</u>
	<u>\$ 3,375,819</u>	<u>\$ 3,578,281</u>
An analysis of amortization by function		
Operating costs	\$ 5,582	\$ 6,925
Marketing	1	1
General and administrative	745	801
Research and development	<u>1,555</u>	<u>2,261</u>
	<u>\$ 7,883</u>	<u>\$ 9,988</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 157,932	\$ 156,245
Defined benefit plans (Note 19)	<u>2,525</u>	<u>2,325</u>
	160,457	158,570
Termination benefits	1,886	-
Other employee benefits	<u>3,542,583</u>	<u>4,862,442</u>
Total employee benefits expense	<u>\$ 3,704,926</u>	<u>\$ 5,021,012</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 3,327,709	\$ 4,310,007
Operating expenses	<u>377,217</u>	<u>711,005</u>
	<u>\$ 3,704,926</u>	<u>\$ 5,021,012</u>

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of PTI, PTI accrues compensation of employees and remuneration of directors at the rates between 5% and 7.5% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. However, if PTI has accumulated deficits (including adjustment of unappropriated earnings), PTI should retain the net profit in advance for deducting accumulated deficits. For the three months ended March 31, 2023 and 2022, respectively, the compensation of employees and the remuneration of directors were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2023	2022
Compensation of employees	5.79%	5.47%
Remuneration of directors	1.16%	1.09%

Amount

	For the Three Months Ended March 31	
	2023	2022
	Cash	Cash
Compensation of employees	\$ 76,104	\$ 148,241
Remuneration of directors	15,221	29,648

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of compensation of employees and remuneration of directors for 2022 and 2021 that were resolved by the board of directors on March 10, 2023 and March 10, 2022, respectively, are as shown below:

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Compensation of employees	\$ 586,354	\$ 600,642
Remuneration of directors	117,271	120,128

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by PTI's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31	
	2023	2022
Foreign exchange gains	\$ 231,421	\$ 589,158
Foreign exchange losses	<u>(343,639)</u>	<u>(171,326)</u>
Net (losses) gains	<u>\$ (112,218)</u>	<u>\$ 417,832</u>

23. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current period	\$ 250,998	\$ 675,930
Adjustments for prior year	-	6,060
Deferred tax		
In respect of the current period	<u>68,486</u>	<u>62,691</u>
Income tax expense recognized in profit or loss	<u>\$ 319,484</u>	<u>\$ 744,681</u>

b. Income tax assessments

Income tax returns through 2021 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2023	2022
Basic earnings per share	<u>\$ 1.51</u>	<u>\$ 2.92</u>
Diluted earnings per share	<u>\$ 1.50</u>	<u>\$ 2.90</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Periods

	For the Three Months Ended March 31	
	2023	2022
Profit of the period attributable to owner of the Parent	\$ 1,127,471	\$ 2,196,165
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 1,127,471</u>	<u>\$ 2,196,165</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Three Months Ended March 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	747,347	750,848
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>5,831</u>	<u>6,382</u>
Weighted average number of ordinary shares used in the computation of dilutive earnings per share	<u>753,178</u>	<u>757,230</u>

If PTI offered to settle compensation paid to employees in cash or shares, PTI assumed the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Get-Team Tech Corporation (Get-Team)	Metal plating on semiconductor lead frame	October 5, 2022	97.46	<u>\$ 171,523</u>

Get-Team Tech was acquired in order to continue the expansion of assembly service.

b. Consideration transferred

	Get-Team Tech Corporation
Cash	<u>\$ 171,523</u>

The fair value of the ordinary shares of Get-Team, determined by an independent expert on distribution of cash at the date of the acquisition, amounted to \$171,523 thousand.

c. Assets acquired and liabilities assumed at the date of acquisition

	Get-Team Tech Corporation
Current assets	
Cash	\$ 44,329
Accounts receivable	45,692
Inventories	3,353
Other current assets	11,587
Non-current assets	
Property, plant and equipment	41,468
Right-of-use assets	17,997
Intangible assets	41,383
Other non-current assets	1,040
Current liabilities	
Accounts payable	(8,979)
Accrued compensation to employees and remuneration to directors	(160)
Current income tax liabilities	(1,287)
Accrued expenses and other current liabilities	(8,067)
Non-current liabilities	
Deferred income tax liabilities	(11,775)
Lease liabilities	<u>(19,623)</u>
	<u>\$ 156,958</u>

The tax bases of Get-Team's assets were required to be based on the market values of the assets. At the date of issuance of these consolidated financial statements, the necessary market valuations and other calculations have been finalized, and been determined based on the market values of the tax values.

d. Non-controlling interests

The non-controlling interest (a 2.54% ownership interest in Get-Team) recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest.

e. Goodwill recognized on acquisitions

	Get-Team Tech Corporation
Consideration transferred	\$ 171,523
Plus: Non-controlling interests (2.54% in Get-Team)	3,331
Less: Fair value of identifiable net assets acquired	<u>(156,958)</u>
	<u>\$ 17,896</u>

The goodwill recognized in the acquisitions of Get-Team mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces of Get-Team. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

- f. Net cash outflow on the acquisition of subsidiaries

	Get-Team Tech Corporation
Consideration paid in cash	\$ 171,523
Less: Cash and cash equivalent balances acquired	<u>(44,329)</u>
	<u>\$ 127,194</u>

26. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure its ability to continue as a going concern while maximizing the return to stakeholders. The Corporation's overall strategy remains unchanged from the previous year.

The capital structure of the Corporation consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

27. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments not measured at fair value

March 31, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 100,000	\$ -	\$ 100,064	\$ -	\$ 100,064

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 100,000	\$ -	\$ 100,082	\$ -	\$ 100,082

March 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 500,000	\$ -	\$ 500,390	\$ -	\$ 500,390

The above-mentioned level 2 fair value measurement was based on the quoted price from the Taipei Exchange.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 29,858	\$ -	\$ -	\$ 29,858
Derivative instruments	<u>-</u>	<u>6,325</u>	<u>-</u>	<u>6,325</u>
	<u>\$ 29,858</u>	<u>\$ 6,325</u>	<u>\$ -</u>	<u>\$ 36,183</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	<u>\$ 1,074</u>	<u>\$ 19,200</u>	<u>\$ -</u>	<u>\$ 20,274</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 44,888</u>	<u>\$ -</u>	<u>\$ 44,888</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 28,209	\$ -	\$ -	\$ 28,209
Derivative instruments	<u>-</u>	<u>38,410</u>	<u>-</u>	<u>38,410</u>
	<u>\$ 28,209</u>	<u>\$ 38,410</u>	<u>\$ -</u>	<u>\$ 66,619</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	<u>\$ 943</u>	<u>\$ 16,200</u>	<u>\$ -</u>	<u>\$ 17,143</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 7,446</u>	<u>\$ -</u>	<u>\$ 7,446</u>

March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 72,300	\$ -	\$ -	\$ 72,300
Derivative instruments	<u>-</u>	<u>856</u>	<u>-</u>	<u>856</u>
	<u>\$ 72,300</u>	<u>\$ 856</u>	<u>\$ -</u>	<u>\$ 73,156</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	<u>\$ 1,223</u>	<u>\$ 28,500</u>	<u>\$ -</u>	<u>\$ 29,723</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 131,116</u>	<u>\$ -</u>	<u>\$ 131,116</u>

There were no transfers between Level 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Unlisted securities	Using the market approach and the binomial option pricing model to calculate the fair value.

c. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 36,183	\$ 66,619	\$ 73,156
Financial assets at amortized cost (Note 1)	35,525,210	36,770,102	41,079,446
Financial assets at FVTOCI			
Equity instruments	20,274	17,143	29,723
<u>Financial liabilities</u>			
FVTPL			
Held for trading	44,888	7,446	131,116
Amortized cost (Note 2)	37,489,339	40,883,693	43,210,751

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, time deposits with original maturities of more than 3 months, notes and accounts receivable (including related parties), other receivables (including related parties), pledged time deposits and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term loans, notes and accounts payable (including related parties), other payables (including related parties), accrued expenses, other current liabilities and long-term debt (including current portion) and guarantee deposit.

d. Financial risk management objectives and policies

The Corporation's major financial instruments included equity investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Corporation's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporation sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Corporation's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function, an independent body that monitors risks and policies implemented to mitigate risk exposures reports quarterly to the Corporation's board of directors.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Corporation entered into a variety of derivative financial instruments (included forward exchange contracts) to manage its exposure to foreign currency risk.

There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation's operating activities are partially denominated in foreign currencies and apply natural hedge. The purpose of the Corporation's management of the foreign currency risk is to hedge against the risk instead of making a profit.

The strategy of foreign currency risk management is to review the net position exposed to foreign currency risk and manage the risk of the net position. The Corporation selects the instruments to hedge against currency exposure taking into consideration the hedging cost and period. The Corporation currently utilizes derivative financial instruments, including buy/sell foreign exchange forward contracts, to hedge against foreign currency exchange risk.

For the carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, refer to Note 31.

The Corporation uses forward exchange contracts to reduce foreign currency risk exposure. It is the Corporation's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

As net investments in foreign operations are for strategic purposes, they are not hedged by the Corporation.

Sensitivity analysis

The Corporation was mainly exposed to the USD and JPY.

The following table details the Corporation's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusted their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), accounts payable (including related parties), other payables (including related parties), short-term bank loans and long-term debt. The number below

indicates the decrease/increase in pre-tax profit when the functional currency strengthens 5% against the relevant currency.

	USD Impact		JPY Impact	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2023	2022	2023	2022
Profit or loss	\$ (616,292)	\$ (546,145)	\$ 21,163	\$ 41,638

b) Interest rate risk

As the Corporation owns assets at both fixed and floating interest rates, the Corporation is exposed to interest rate risk. The Corporation's interest rate risk also comes from borrowings at floating interest rates. Since the Corporation's bank borrowings are at floating interest rates, fluctuations in interest rates will affect cash flow in the future but will not affect the fair value.

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows.

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 7,035,757	\$ 7,326,077	\$ 8,654,776
Financial liabilities	612,040	670,474	278,242
Cash flow interest rate risk			
Financial assets	11,872,286	13,467,495	13,904,044
Financial liabilities	28,096,975	29,935,249	30,243,493

Sensitivity analysis

The sensitivity analysis below was determined based on the Corporation's exposure to interest rate risk for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of both the assets and the liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the three months ended March 31, 2023 and 2022 would decrease/increase by \$4,056 thousand and \$4,085 thousand, respectively, which was mainly attributable to the Corporation's exposure to interest rate risk on its variable-rate net liabilities.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Corporation does not actively trade these investments. The Corporation's equity price risk was mainly concentrated on equity instruments in the electronics industry sector quoted in the Taipei Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit for the three months ended March 31, 2023 and 2022 would have increased/decreased by \$1,493 thousand and \$3,615 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the post-tax other comprehensive income for the three months ended March 31, 2023 and 2022 would have increased/decreased by \$1,014 thousand and \$1,486 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure of the counterparty to discharge an obligation arises from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In order to minimize credit risk, the management of the Corporation has set up an approach for credit and accounts receivable management to ensure that follow-up action is taken to recover overdue debt. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In this regard, the directors of the Corporation consider that the Corporation's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with good credit ratings.

The counterparties of trade receivables cover a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Corporation's concentration of credit risk was related to the three largest customers within the Corporation. Besides the aforementioned customers, there was no other customer that accounted for 10% of total gross accounts receivable at any time during the period. The three largest customers are creditworthy counterparts, therefore, the Corporation believes the concentration of credit risk is insignificant.

Credit risk management for investments in debt instruments

The Corporation only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Corporation's exposure and the external credit ratings are continuously monitored. The Corporation reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

The Corporation considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecasts to estimate 12-month or lifetime expected credit losses. The Corporation's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	-

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows.

The Corporation relies on bank borrowings as a significant source of liquidity. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Corporation had available unutilized overdraft and short-term bank loan facilities of approximately \$4,591,958 thousand, \$4,578,641 thousand and \$5,671,855 thousand, respectively.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The tables include both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

March 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 3,187,776	\$ 3,560,892	\$ 1,168,204	\$ 20,563	\$ -
Lease liabilities	7,823	15,555	57,640	223,555	1,566,124
Fixed interest rate liabilities	86,372	28,028	118,404	379,236	-
Variable interest rate liabilities	-	-	97,328	22,951,271	5,048,376
Guarantee deposits	17,480	15,227	121,006	645,128	44,048
	<u>\$ 3,299,451</u>	<u>\$ 3,619,702</u>	<u>\$ 1,562,582</u>	<u>\$ 24,219,753</u>	<u>\$ 6,658,548</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 81,018</u>	<u>\$ 223,555</u>	<u>\$ 238,952</u>	<u>\$ 235,891</u>	<u>\$ 234,291</u>	<u>\$ 856,990</u>
Variable interest rate liabilities	<u>\$ 97,328</u>	<u>\$ 22,951,271</u>	<u>\$ 4,623,698</u>	<u>\$ 367,821</u>	<u>\$ 56,857</u>	<u>\$ -</u>
Guarantee deposits	<u>\$ 153,713</u>	<u>\$ 645,128</u>	<u>\$ 44,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 4,222,227	\$ 4,431,558	\$ 756,568	\$ -	\$ -
Lease liabilities	7,856	15,712	66,467	226,174	1,578,124
Fixed interest rate liabilities	-	118,524	133,630	418,320	-
Variable interest rate liabilities	-	-	-	23,802,779	6,132,470
Guarantee deposits	17,630	-	114,348	650,568	85,071
	<u>\$ 4,247,713</u>	<u>\$ 4,565,794</u>	<u>\$ 1,071,013</u>	<u>\$ 25,097,841</u>	<u>\$ 7,795,665</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 90,035	\$ 226,174	\$ 239,117	\$ 236,011	\$ 234,291	\$ 868,705
Variable interest rate liabilities	\$ -	\$ 23,802,779	\$ 5,689,903	\$ 366,857	\$ 75,710	\$ -
Guarantee deposits	\$ 131,978	\$ 650,568	\$ 85,055	\$ -	\$ -	\$ 16

March 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 4,513,583	\$ 6,264,131	\$ 1,911,302	\$ -	\$ -
Lease liabilities	7,202	14,405	64,278	216,596	1,605,581
Fixed interest rate liabilities	78,237	21,177	80,590	98,238	-
Variable interest rate liabilities	-	-	36,107	23,804,551	6,402,835
	\$ 4,599,022	\$ 6,299,713	\$ 2,092,277	\$ 24,119,385	\$ 8,008,416

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 85,885	\$ 216,596	\$ 236,328	\$ 233,968	\$ 233,688	\$ 901,597
Variable interest rate liabilities	\$ 36,107	\$ 23,804,551	\$ 5,858,997	\$ 411,865	\$ 131,973	\$ -

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Corporation's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

March 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 1,485,179	\$ 2,640,047	\$ 504,863
Outflows	(1,495,555)	(2,669,319)	(503,778)
	\$ (10,376)	\$ (29,272)	\$ 1,085

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 2,290,374	\$ 1,585,405	\$ 27,408
Outflows	(2,262,019)	(1,583,022)	(27,182)
	\$ 28,355	\$ 2,383	\$ 226

March 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 2,011,379	\$ 2,981,760	\$ 38,903
Outflows	<u>(2,073,073)</u>	<u>(3,049,261)</u>	<u>(39,968)</u>
	<u>\$ (61,694)</u>	<u>\$ (67,501)</u>	<u>\$ (1,065)</u>
c) Financing facilities			
	March 31, 2023	December 31, 2022	March 31, 2022
Secured bank loan facilities which may be mutually extended			
Amount used	\$ 20,040,494	\$ 20,414,539	\$ 13,702,268
Amount unused	<u>6,599,997</u>	<u>6,900,000</u>	<u>13,300,000</u>
	<u>\$ 26,640,491</u>	<u>\$ 27,314,539</u>	<u>\$ 27,002,268</u>

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between PTI and its subsidiaries, which were related parties of PTI, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between PTI and other related parties are disclosed below.

a. Related Party Name and Relationship

<u>Related Party Name</u>	<u>Relationship with the Corporation</u>
Kioxia Corporation	Substantial related parties
Toshiba International Procurement Hong Kong, Ltd.	Substantial related parties
Toshiba Information Systems (Japan) Corporation	Substantial related parties
Toshiba Trading Inc.	Substantial related parties
Toshiba Electronic Devices & Storage Corporation	Substantial related parties
Kingston Technology International Ltd.	Substantial related parties
Kingston Digital International Ltd.	Substantial related parties
Kingston Solution, Inc.	Substantial related parties
Kingston Technology Far East Corp.	Substantial related parties
Solid State Storage Technology Corporation	Substantial related parties
Realtek Singapore Private Limited	Substantial related parties
Realtek Semiconductor Corp.	Substantial related parties
Raymx Microelectronic Corp.	Substantial related parties

b. Sales of goods

Line Items	Related Party Category/Name	For the Three Months Ended March 31	
		2023	2022
Sales of goods	Substantial related parties		
	Kioxia Corporation	\$ 3,756,362	\$ 4,756,940
	Others	<u>438,550</u>	<u>541,967</u>
		<u>\$ 4,194,912</u>	<u>\$ 5,298,907</u>

Sales transactions with related parties were based on normal commercial prices and terms. In general, the payment terms for the sales of the Corporation is from 30 days to 150 days starting from the first day of the month following the invoice date.

c. Purchases

Related Party Category	For the Three Months Ended March 31	
	2023	2022
Substantial related parties	<u>\$ 23,206</u>	<u>\$ 311,952</u>

The purchase prices and payment terms were based on negotiations for which there are no comparable transactions in the market.

d. Operating costs

Related Party Category	For the Three Months Ended March 31	
	2023	2022
Substantial related party	<u>\$ -</u>	<u>\$ 158</u>

Operating costs mainly was occasional fee.

e. Other gains and losses

Related Party Category	For the Three Months Ended March 31	
	2023	2022
Substantial related parties	<u>\$ 7,866</u>	<u>\$ 3,392</u>

Other gains and losses mainly include the purchase and sales of raw materials and the difference between collections and payment transfers. The purchase and sales of raw materials were based on conditions agreed by both parties for which there are no comparable transactions in the market.

f. Contract assets

Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Substantial related parties			
Kioxia Corporation	\$ 806,435	\$ 829,624	\$ 586,438
Others	<u>89,586</u>	<u>75,486</u>	<u>82,437</u>
	<u>\$ 896,021</u>	<u>\$ 905,110</u>	<u>\$ 668,875</u>

For the three months ended March 31, 2023 and 2022, no impairment loss was recognized for contract assets from related parties.

g. Accounts receivables from related parties (excluding loans to related parties and contract assets)

Line Items	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable from related parties	Substantial related parties			
	Kioxia Corporation	\$ 5,343,019	\$ 4,769,255	\$ 5,289,520
	Others	<u>332,904</u>	<u>325,226</u>	<u>509,354</u>
		<u>\$ 5,675,923</u>	<u>\$ 5,094,481</u>	<u>\$ 5,798,874</u>

The outstanding accounts receivable from related parties are unsecured. For the three months ended March 31, 2023 and 2022, no impairment loss was recognized for accounts receivables from related parties.

h. Payables to related parties (excluding loans from related parties)

Line Items	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Accounts payables from related parties	Substantial related parties			
	Solid State Storage Technology Corporation	\$ 13,880	\$ 70,748	\$ -
	Toshiba International Procurement Hong Kong, Ltd.	<u>3,761</u>	<u>11,936</u>	<u>207,846</u>
		<u>\$ 17,641</u>	<u>\$ 82,684</u>	<u>\$ 207,846</u>

The outstanding accounts payable from related parties are unsecured.

i. Payable to equipment suppliers

Related Party Category	March 31, 2023	December 31, 2022	March 31, 2022
Substantial related party	<u>\$ 21,181</u>	<u>\$ -</u>	<u>\$ -</u>

j. Other receivables from related parties

Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Substantial related parties			
Kioxia Corporation	\$ 27,079	\$ 65,783	\$ 70,095
Others	<u>4</u>	<u>328</u>	<u>-</u>
	<u>\$ 27,083</u>	<u>\$ 66,111</u>	<u>\$ 70,095</u>

k. Other payables from related parties

Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Substantial related parties			
Kioxia Corporation	\$ 31,357	\$ 31,758	\$ -
Toshiba Trading Inc.	-	-	1,891
Kingston Digital International Ltd.	-	-	161
Others	<u>-</u>	<u>556</u>	<u>-</u>
	<u>\$ 31,357</u>	<u>\$ 32,314</u>	<u>\$ 2,052</u>

l. Acquisition of property, plant and equipment

Related Party Type	For the Three Months Ended March 31	
	2023	2022
Substantial related party	<u>\$ 21,313</u>	<u>\$ -</u>

m. Compensation of key management personnel

	For the Three Months Ended March 31	
	2023	2022
Short-term benefits	\$ 57,126	\$ 120,745
Post-employment benefits	<u>507</u>	<u>531</u>
	<u>\$ 57,633</u>	<u>\$ 121,276</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were mainly provided for long-term bank loans, customs surety bonds, bank guarantees, bonded ware house guarantee deposits and lease deposits:

	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant and equipment	\$ 23,959,894	\$ 24,918,762	\$ 17,567,399
Pledge deposits (classified as financial assets at amortized cost - current)	13,490	13,468	13,451
Restricted deposits (classified as financial assets at amortized cost - current)	30,454	30,708	30,886
Pledge deposits (classified as financial assets at amortized cost - non-current)	<u>124,334</u>	<u>124,334</u>	<u>113,874</u>
	<u>\$ 24,128,172</u>	<u>\$ 25,087,272</u>	<u>\$ 17,725,610</u>

30. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

In addition to the contents disclosed in other notes, the Corporation has the following significant commitments and contingencies in the balance sheet:

- a. From February 2021 to October 2021, PTI signed a purchase agreement of equipment worth \$646,433 thousand with Kulicke&Soffa Pte. Ltd. As of March 31, 2023, PTI has paid a total of \$646,433 thousand.
- b. From December, 2020 to December, 2021 and December, 2021 to August, 2022, PTI signed the purchase agreements of equipment worth \$588,119 thousand and \$523,210 thousand with Disco Hi-Tec Taiwan Co., Ltd. As of March 31, 2023, PTI has paid a total of \$540,783 thousand and \$229,136 thousand, respectively.
- c. From April, 2021 to January, 2022, PTI signed a purchase agreement of equipment worth \$505,374 thousand with Advantest Corporation. As of March 31, 2023, PTI has paid a total of \$505,374 thousand.
- d. From March, 2021 to January, 2022, PTI signed a contract worth \$713,114 thousand with Jiu Han Engineering Co., Ltd. to set up clean rooms and factory engineering. As of March 31, 2023, PTI has paid a total of \$654,314 thousand.
- e. From July, 2021 to July, 2022, PTI signed a contract worth \$728,248 thousand with Jian Ming Construction Co. Ltd. to set up new plant construction and factory engineering. As of March 31, 2023, PTI has paid a total of \$364,808 thousand.
- f. As of March 31, 2023, PTI unused letters of credit for purchases of machinery and equipment amounted to approximately USD\$26 thousand.
- g. In November 2021, PTI entered into capacity reservation agreements with Zhen Ding Technology Co., Ltd. The deposits in a required aggregate amount of US\$35,000 thousand were paid to suppliers in compliance with the agreements and refunded to PTI when terms set forth in the agreements have been satisfied. According to the agreements, the deposits will be refunded in 58 installments starting from March 2023. As of March 31, 2023, the Corporation has paid a total of US\$35,000 thousand., and recovered US \$600 thousand.

- h. From October, 2021 to January, 2022, January, 2022 to April, 2022, May, 2022 to July, 2022 and July, 2022 to April, 2023, the TeraPower Technology Inc. signed a purchase agreement of equipment worth \$655,415 thousand, \$505,372 thousand, \$649,333 thousand and \$572,261 thousand with Advantest Taiwan Inc., As of March 31, 2022, the TeraPower Technology Inc. has paid a total of \$491,313 thousand, \$143,044 thousand, \$137,999 and \$255,059 thousand, respectively.
- i. From July, 2021 to July, 2022, Tera Probe, Inc. signed a purchase agreement of equipment worth \$640,534 thousand with Teradyne Inc. As of March 31, 2023, Tera Probe, Inc. has paid \$389,023 thousand.
- j. In June 2021, Greatek Electronics Inc. signed a contract worth \$980,000 thousand with Jiu Han Engineering Co., Ltd. for electromechanical air conditioning engineering. As of March 31, 2023, Greatek Electronics Inc. has paid a total of \$882,000 thousand.
- k. In July, 2021, Greatek Electronics Inc. signed a contract worth \$360,000 thousand with Jiu Han Engineering Co., Ltd. to set up clean rooms and plumbing systems. As of March 31, 2023, Greatek Electronics Inc. has paid a total of \$324,000 thousand.
- l. In September 2021, Greatek Electronics Inc. signed a contract worth \$378,000 thousand with Jiu Han Engineering Co., Ltd. for mechanical and electrical engineering. As of March 31, 2023, Greatek Electronics Inc. has paid a total of \$340,200 thousand.
- m. In April, 2022, Greatek Electronics Inc. signed a contract worth \$414,000 thousand with Jian Ming Contractor Co., Ltd. for construction of staff dorm. As of March 31, 2023, Greatek Electronics Inc. has paid a total of \$310,500 thousand.
- n. In July, 2022, Greatek Electronics Inc. signed a contract worth \$418,000 thousand with Jiu Han Engineering Co., Ltd. for electromechanical air conditioning and fire engineering for staff dorm. As of March 31, 2023, Greatek Electronics Inc. has paid a total of \$125,400 thousand.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and respective functional currencies were as follows:

	March 31, 2023		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 523,948	30.4540 (USD:NTD)	\$ 15,956,312
USD	4,717	6.8712 (USD:RMB)	143,652
USD	7,009	133.1300 (USD:JPY)	213,452
JPY	2,251,684	0.2288 (JPY:NTD)	515,185
JPY	1,697	0.0516 (JPY:RMB)	388
JPY	182,779	0.0075 (JPY:USD)	41,820
SGD	636	0.7523 (SGD:USD)	14,572
RMB	45,799	0.1455 (RMB:USD)	202,986
RMB	8,059	4.4321 (RMB:NTD)	35,718
			<u>\$ 17,124,085</u>
			(Continued)

March 31, 2023			
	Foreign Currencies	Exchange Rate	Carrying Amount
Non-monetary items			
USD	\$ 181	30.4540 (USD:NTD)	\$ 5,502
JPY	3,561	0.2288 (JPY:NTD)	815
RMB	2	4.4321 (RMB:NTD)	<u>8</u>
			<u>\$ 6,325</u>

Financial liabilities

Monetary items			
USD	128,871	30.4540 (USD:NTD)	\$ 3,924,637
USD	1,361	6.8712 (USD:RMB)	41,448
USD	706	133.1300 (USD:JPY)	21,501
EUR	448	33.1492 (EUR:NTD)	14,851
JPY	3,890,156	0.2288 (JPY:NTD)	890,068
JPY	25,777	0.0516 (JPY:RMB)	5,898
JPY	370,119	0.0075 (JPY:USD)	84,683
RMB	12,697	0.1455 (RMB:USD)	56,274
RMB	11	4.4321 (RMB:NTD)	<u>49</u>
			<u>\$ 5,039,409</u>
Non-monetary items			
USD	1,300	30.4540 (USD:NTD)	\$ 39,579
JPY	19,473	0.2288 (JPY:NTD)	4,456
RMB	192	4.4321 (RMB:NTD)	<u>853</u>
			<u>\$ 44,888</u>
			(Concluded)

December 31, 2022			
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	\$ 595,039	30.7080 (USD:NTD)	\$ 18,272,458
USD	9,588	6.9514 (USD:RMB)	294,428
USD	6,558	132.12 (USD:JPY)	201,383
JPY	883,774	0.2324 (JPY:NTD)	205,389
JPY	3,611	0.0526 (JPY:RMB)	839
JPY	200,090	0.0076 (JPY:USD)	46,501
SGD	642	0.7447 (SGD:USD)	14,681
RMB	33,070	0.1439 (RMB:USD)	146,087
RMB	13,358	4.4175 (RMB:NTD)	<u>59,009</u>
			<u>\$ 19,240,775</u>
			(Continued)

December 31, 2022			
	Foreign Currency	Exchange Rate	Carrying Amount
Non-monetary items			
USD	\$ 904	30.7080 (USD:NTD)	\$ 27,755
JPY	45,846	0.2324 (JPY:NTD)	<u>10,655</u>
			<u>\$ 38,410</u>
<u>Financial liabilities</u>			
Monetary items			
USD	186,628	30.7080 (USD:NTD)	\$ 5,730,973
USD	4,743	6.9514 (USD:RMB)	145,648
USD	5,251	132.12 (USD:JPY)	161,248
EUR	1,134	32.7086 (EUR:NTD)	37,092
JPY	3,001,847	0.2324 (JPY:NTD)	697,629
JPY	96,703	0.0526 (JPY:RMB)	22,474
JPY	169,783	0.0076 (JPY:USD)	39,458
RMB	15,400	0.1439 (RMB:USD)	<u>68,030</u>
			<u>\$ 6,902,552</u>
Non-monetary items			
USD	212	30.7080 (USD:NTD)	\$ 6508
JPY	3,196	0.2324 (JPY:NTD)	743
RMB	44	4.4175 (RMB:NTD)	<u>195</u>
			<u>\$ 7,446</u> (Concluded)
March 31, 2022			
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 586,566	28.6220 (USD:NTD)	\$ 16,788,692
USD	16,530	6.3432 (USD:RMB)	473,122
USD	8,396	121.6400 (USD:JPY)	240,310
JPY	750,277	0.2353 (JPY:NTD)	176,540
JPY	2,490	0.0521 (JPY:RMB)	586
JPY	260,741	0.0082 (JPY:USD)	61,352
SGD	2,017	0.7392 (SGD:USD)	42,676
RMB	13,332	0.1576 (RMB:USD)	60,157
RMB	12,373	4.5122 (RMB:NTD)	<u>55,829</u>
			<u>\$ 17,899,264</u> (Continued)

March 31, 2022			
	Foreign Currencies	Exchange Rate	Carrying Amount
Non-monetary items			
USD	\$ 4	28.6220 (USD:NTD)	\$ 110
JPY	389	0.2353 (JPY:NTD)	91
RMB	145	4.5122 (RMB:NTD)	<u>655</u>
			<u>\$ 856</u>
<u>Financial liabilities</u>			
Monetary items			
USD	212,206	28.6220 (USD:NTD)	\$ 6,073,760
USD	14,178	6.3432 (USD:RMB)	405,803
USD	3,482	121.6400 (USD:JPY)	99,662
EUR	3,874	31.9150 (EUR:NTD)	123,639
JPY	4,073,003	0.2353 (JPY:NTD)	958,378
JPY	30,982	0.0521 (JPY:RMB)	7,290
JPY	448,670	0.0082 (JPY:USD)	105,572
SGD	50	0.7392 (SGD:USD)	1,058
RMB	17,193	0.1576 (RMB:USD)	<u>77,578</u>
			<u>\$ 7,852,740</u>
Non-monetary items			
USD	3,620	28.6220 (USD:NTD)	\$ 103,609
JPY	116,902	0.2353 (JPY:NTD)	<u>27,507</u>
			<u>\$ 131,116</u>
			(Concluded)

Realized and unrealized net foreign exchange (losses) gains were \$(112,218) thousand and \$417,832 thousand for the three months ended March 31, 2023 and 2022, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and currencies of the entities in the Corporation.

32. SEPARATELY DISCLOSED ITEMS

Except for the following, the Corporation has no other significant transactions, investees and investments in mainland China that need to be disclosed as required by the Securities and Futures Bureau.

- Financing provided to others: None.
- Endorsements/guarantees provided: None.
- Marketable securities held: Table 1 (attached).
- Marketable securities acquired or disposed of at costs or prices amounting to at least NT\$300 million or 20% of the paid-in capital: None.
- Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.

- f. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 2 (attached).
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached).
- i. Derivative transactions: Note 7.
- j. Intercompany relationships and significant intercompany transactions: Table 4 (attached).
- k. Information of investees: Table 5 (attached).
- l. Information on investment in mainland China: Table 6 (attached)

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investments at the end of the period, repatriations of investment income, and limit on the amount of investments in the mainland China area: Note 32 (j).

- m. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder:

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
China Life Insurance Co., Ltd.	39,231,000	5.16

Note: The information on major shareholders in this table is calculated by CHEP on the last business day at the end of the quarter as the total number of ordinary shares and special shares held by shareholders who have completed the non-physical registration delivery (including treasury shares) of the company with a total of more than 5% of shares held. The share capital recorded in the Corporation's consolidated financial reports and the number of shares that had actually completed non-physical registration may differ depending on the basis of preparation and calculation.

32. SEGMENT INFORMATION

The revenues, operating results and financial information of each plant presented to the chief operating decision maker are consistent with the information in the consolidated financial statements. The segment revenues and operating results for the three months ended March 31, 2023 and 2022 are shown in the consolidated income statements for the three months ended March 31, 2023 and 2022. The segment assets as of March 31, 2023, December 31, 2022 and March 31, 2022 are shown in the consolidated balance sheets as of March 31, 2023, December 31, 2022 and March 31, 2022.

TABLE 1**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****MARCH 31, 2023****(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares (In Thousands)	Carrying Value	% of Ownership	Fair Value	
Powertech Technology Inc.	<u>Stock</u> Solid state system Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,053	\$ 20,274	3	\$ 20,274	Note 3
Greatek Electronics Inc.	<u>Fund</u> Yuanta Global Leaders Balanced Fund - USD	-	Financial assets at fair value through profit or loss - current	2,844	29,858	-	29,858	Note 4
	<u>Bond</u> P08 Taipower 3A	-	Financial assets at amortized cost - current	50	50,000	-	50,032	Note 2
	P08 Taipower 3A	-	Financial assets at amortized cost - noncurrent	50	50,000	-	50,032	Note 2
	<u>Stock</u> Powertech Technology Inc.	Parent entity	Financial assets at fair value through other comprehensive income - noncurrent	11,800	1,073,800	2	1,073,800	Note 1
	SAMHOP Microelectronics Corp.	-	Financial assets at fair value through profit or loss - noncurrent	268	-	3	-	Note 5
	Terawins Inc.	-	Financial assets at fair value through profit or loss - noncurrent	643	-	2	-	Note 5
	Airwave Technologies Inc.	-	Financial assets at fair value through profit or loss - noncurrent	93	-	1	-	Note 5

Note 1: The fair value was based on stock closing price as of March 31, 2023.

Note 2: The fair value was based on trading market in hundreds of new Taiwan dollars as of March 31, 2023.

Note 3: The fair value of ordinary shares was based on stock closing price, and the fair value of privately placed shares was determined using valuation techniques as of March 31, 2023.

Note 4: The fair value was based on the net asset value of the fund as of March 31, 2023.

Note 5: The fair value was based on the carrying value as of March 31, 2023.

Note 6: As of March 31, 2023, the above marketable securities had not been pledged or mortgaged.

TABLE 2

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Powertech Technology Inc.	Kioxia Corporation	Corporate director’s parent company	Sale	\$ 3,663,959	40	Net 120 days from monthly closing date	\$ -	-	\$ 5,255,014	55	-
Greatek Electronics Inc.	Realtek Semiconductor Corp.	Parent company of Greatek Electronics Inc.’s corporate director.	Sale	126,797	4	Net 60 days from monthly closing date	Note 1	quite	107,278	4	-

Note 1: The sales price of Greatek Electronics Inc. sold to related parties is determined based on general trading practices.

TABLE 3

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debt
					Amount	Action Taken		
Powertech Technology Inc.	Kioxia Corporation	Corporate director’s parent company	\$ 5,255,014	2.97	\$ -	-	\$ 1,392,555	\$ -
Greatek Electronics Inc.	Realtek Semiconductor corp.	Parent company of Greatek Electronics Inc.’s corporate ditector	107,278	5.23	-	-	3,917	-

TABLE 4**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES**
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Counterparty	Transaction Flow	Intercompany Transactions			
			Financial Statement Item	Amount	Terms	Percentage to Consolidated Total Gross Sales or Total Assets
Powertech Technology Inc.	Powertech Technology (Suzhou) Ltd.	1	Sales	\$ 5,517	Note 3	-
	TeraPower Technology Inc.	1	Sales	8,979	Note 3	-
	Greatek Electronics Inc.	1	Sales	1,206	Note 3	-
	Powertech Technology (Suzhou) Ltd.	1	Purchase	1,851	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Subcontract costs	83,482	Note 2	1%
	Greatek Electronics Inc.	1	Subcontract costs	13,713	Note 2	-
	TeraPower Technology Inc.	1	Subcontract costs	74,776	Note 2	-
	Greatek Electronics Inc.	1	Production overhead	102	Note 2	-
	TeraPower Technology Inc.	1	Production overhead	2,179	Note 2	-
	TeraPower Technology Inc.	1	Rent income	213	Note 2	-
	TeraPower Technology Inc.	1	Rent	1,148	Note 2	-
	TeraPower Technology Inc.	1	Other gains and losses	5	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Other gains and losses	2,202	Note 2	-
	Greatek Electronics Inc.	1	Accounts receivable from related parties	1,148	Note 3	-
	TeraPower Technology Inc.	1	Accounts receivable from related parties	4,460	Note 3	-
	Powertech Technology (Xian) Ltd.	1	Other receivables from related parties	5,671	Note 2	-
	TeraPower Technology Inc.	1	Other receivables from related parties	153	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Other receivables from related parties	4,122	Note 2	-
	Greatek Electronics Inc.	1	Other receivables from related parties	286	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Disposal of property, plant and equipment	364	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Purchase of property, plant and equipment	400	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Payable to equipment suppliers	401	Note 2	-
	TeraPower Technology Inc.	1	Other payables to related parties	79,927	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Other payables to related parties	83,486	Note 2	-
	Greatek Electronics Inc.	1	Other payables to related parties	21,900	Note 2	-
	Powertech Technology (Japan) Ltd.	1	Other payables to related parties	23,985	Note 2	-
Tera Probe, Inc.	TeraPower Technology Inc.	1	Purchase of property, plant and equipment	49,405	Note 2	-
	TeraPower Technology Inc.	1	Other receivables from related parties	38,682	Note 2	-

Note 1: No. 1 - from the parent company to the subsidiary. No. 2 - from the subsidiary to the subsidiary.

Note 2: The transactions for related parties were negotiated and thus not comparable with those in the market.

Note 3: The selling prices with subsidiaries were negotiated and thus not comparable with those in the market, and the collection period with subsidiaries was same as common customer.

TABLE 5

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION OF INVESTEEES
MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2023			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2023	December 31, 2022	Number of Shares (In Thousands)	% of Ownership	Carrying Value			
Powertech Technology Inc.	TeraPower Technology Inc.	Hsinchu	Wafer probing test services	\$ 1,153,964	\$ 1,153,964	73,386	49	\$ 3,452,914	\$ 309,981	\$ 122,987	Notes 1 and 2
	Powertech Holding (BVI) Inc.	British Virgin Islands	Investment business	1,679,370	1,679,370	50	100	1,210,837	(4,973)	(3,978)	Notes 2 and 3
	Greatek Electronics Inc.	Miaoli	Semiconductor assembly and testing services	6,169,948	6,169,948	244,064	43	9,732,405	356,001	151,303	Notes 1 and 2
	Powertech Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 69,000	USD 69,000	69,000	100	2,062,678	85,540	85,798	Notes 2 and 3
	Powertech Technology Japan Ltd.	Japan	Investment business	USD 103,052	USD 103,052	-	100	3,482,412	122,814	125,353	Notes 2 and 3
Greatek Electronics Inc.	Tera Probe, Inc.	Japan	Wafer probing test services	\$ 230,616	\$ 230,616	1,077	12	432,819	257,260	36,340	Notes 2 and 3
	Get-Team Tech Corporation	Hsinchu	Metal plating on semiconductor lead frame	171,523	171,523	7,796	97.46	160,131	(2,761)	(4,256)	Note 3
Powertech Holding (BVI) Inc.	PTI Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 51,000	USD 51,000	103	100	USD 39,018	USD (174)	USD (174)	Note 3
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Japan	Wafer probing test services	USD 43,963	USD 43,963	4,440	49	USD 101,665	USD 8,460	USD 4,129	Notes 2 and 3
	Powertech Technology Akita Inc.	Japan	Semiconductor assembly and testing services	USD 58,329	USD 58,329	6	100	USD 8,594	USD (104)	USD (104)	Note 1
Tera Probe, Inc.	TeraPower Technology Inc.	Hsinchu	Wafer probing test services	JPY4,348,056	JPY4,348,056	76,381	51	JPY4,348,056	JPY1,351,732	JPY 689,383	Notes 1 and 2

Note 1: Amount was recognized on the basis of reviewed financial statements.

Note 2: Including unrealized intercompany gains (losses).

Note 3: Amount was not recognized on the basis of reviewed financial statements.

TABLE 6

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Accounted for Using the Equity Method	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investments from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investments from Taiwan as of March 31, 2023	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of March 31, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of March 31, 2023	Note
					Outflow	Inflow							
Powertech Technology (Suzhou) Ltd.	Semiconductor testing and assembly services	\$ 3,045,400 (USD 100,000)	Note 1	\$ 1,553,154 (USD 51,000)	\$ -	\$ -	\$ 1,553,154 (USD 51,000)	\$ (7,334) (USD 241)	100%	\$ (5,952) (USD 196)	\$ 1,717,053 (USD 56,381)	\$ -	-
Powertech Technology (Xian) Ltd.	Semiconductor testing and assembly services	2,131,780 (USD 70,000)	Note 1	1,655,540 (USD 54,362)	-	-	1,655,540 (USD 54,362)	134,941 (USD 4,438)	100%	134,941 (USD 4,438)	3,160,176 (USD 103,769)	476,240 (USD 15,638)	-

Investee Company Accounted for Using the Equity Method	Accumulated Investment in Mainland China as of March 31, 2023 (In Thousands of USD)	Investment Amounts Authorized by the Investment Commission, MOEA (In Thousands of USD)	Ceiling Amount on of the Corporation's Investment in Mainland China
Powertech Technology (Suzhou) Ltd Powertech Technology (Xian) Ltd	USD51,000 USD54,362	USD79,000 USD70,000	\$32,026,298

Note 1: Indirect investments through Powertech Holding (BVI) Inc., the Corporation's 100%-owned subsidiary.

Note 2: Amount was recognized on the basis of reviewed financial statements.

Note 3: Based on the exchange rate as of March 31, 2023.